

**Despite the global market turmoil BBK reports 49% growth in core performance and maintains its capital adequacy at above 20%**

BBK reported significant improvement in its core operating performance for the first 9 months of the year, resulting in net performance of BD 47.9 million, an increase of 49% over the same period last year. This significant improvement in performance was impacted by the additional exceptional provisions taken in the third quarter of 2008 of BD 16.6 million raising the total provisions since the beginning of the year to BD 30.6 million provided against certain investments, due to the recent developments in the financial markets, reducing the bank profits to BD 20.1 million. The provisions taken reflects the bank conservative assumptions for valuation approach to respond to the adverse global market conditions, and to prudently provide against such investments. With the additional provisions made during this quarter, the bank is now at a very comfortable level of provisions.

Despite the competitive pressure and bank's prudent policies on credit, interest and liquidity risk, net interest income showed a positive trend growing by BD 3.0 million compared to September 2007 to reach BD 40.1 million, which improved the overall net interest spread. Non-interest income also grew impressively by 65% to BD 33.2 million compared to last year, mainly through foreign exchange income with growth of 98%, and fee income with growth of 30%.

Despite the increase in operating cost by 10% compared to September 2007, the core cost-to-income ratio improved from 40% to 36% over 2007. The bank has recently taken the initiative to adjust the staff benefits to world-class banks in the region.

Notwithstanding the upheavals of the financial markets, BBK has not reduced its pace for improving its services and modernizing its facilities, and continued to invest in customer service. To spread its outreach to customers, the bank has recently opened a new branch in the newest mall in Bahrain, "Bahrain City Centre". The strategic plan expansion continues in 2009 to open three more financial malls in Isa Town, West Riffa, and Exhibition Road.

The bank's balance sheet grew to BD 2,178 million, an increase of BD95 million when compared to September 2007. The increase resulted from a strong underlying business growth driven by the increase in net loans and advances by 19% to reach BD1,349 million. Customer deposits also has grown by BD 30 million in the third quarter to reach BD 1,127 million, despite signs of financial meltdown, reflecting the customers' confidence in the bank.

As a result of following a cautious and conservative approach to manage the risk of assets and liabilities, the bank maintains a very comfortable liquidity position while its capital adequacy ratio is maintained at slightly above 20%, well above the regulatory requirements.

Commenting on the Bank's results, Mr. Murad Ali Murad, Chairman, said "Notwithstanding the current turmoil in the financial markets, which is unprecedented, and hence the exceptional provisions we had to make during 2008, we are proud that the bank has achieved excellent core performance, with all business indicators showing significant growth.

Mr. A.Karim Bucheery, CEO, said "The excellent improvement of the performance was a result of implementing an aggressive strategic plan in the strategic period, achieving most of the business plans and initiatives for that period. Currently, we are developing a new Corporate Strategy for the next strategic period, with more diversified and aggressive business plans, promising higher growth and better customer service."



“Despite the major initiatives that were introduced during August 2008 to substantially improve staff benefits, the bank cost-to-income ratio has in fact improved over the same period last year.” he added.

Commenting on the forecast for the last quarter of 2008, the Chairman said that he is quite confident that the bank will post strong performance notwithstanding the current difficulties in the market, specially given the fact that both the loans and investments portfolio of the bank has very conservatively been provided for.

BBK has been the pioneer in Commercial Banking for the last 35 years in the Kingdom of Bahrain. As a revolutionary market leader, BBK has built a name and reputation which is respected locally as well as internationally. To maintain this reputation, BBK has been at the forefront, incorporating the latest technologies to provide the finest services. One such service is the e-banking solutions that provides new generation services through its user friendly award winning website [www.bbkonline.com](http://www.bbkonline.com)